



The benefits of a good international collections agency

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In many businesses the sale is celebrated when the customer agrees to the terms and signs the contract. But if you think about, has the sale actually been completed? Sure you have the agreement of the buyer that they will accept your products or services, and that the amount that you should receive for them is acceptable to them. But they haven't paid you yet so the sale is not complete. Too often the excitement of the sale is crushed when the customer is late in paying or refuses to pay altogether.

When this occurs in your home market often you believe you can do something about it yourself or you can easily hire a local collections agency to pursue the debt on your behalf. But what if the customer is not local? What if the customer is located in a different part of the country or in another country altogether? Collecting the debt all of a sudden becomes a real challenge.

This doesn't have to be the case. A good international collections agency can turn a difficult situation with little chance of recovery into a seamless process with a much better potential outcome.

In addition, many of the principles that apply to foreign debt collection also apply to domestic collections.

First of all, why engage a collections agency? For one thing, some buyers simply wait until they get contacted by a collections agency before they pay. It's almost as if they think the seller is not interested in getting paid unless they bring a collections company into the picture. As many businesses know, just because they are not good at paying on time does not mean they can't be a good long term customer. You may want to remain on good terms with the buyer to do future business with them. In these situations you want your collector to use a bit of tact in pursuing the debt. Atradius Collections, for instance, is adept at applying the right amount of pressure on the buyer to help you preserve your business relationship if that is what you desire.

An international agency may not be needed for local debts, but their reputation and resources can add an extra level of encouragement for a debtor to pay and if the debt is domestic



but not local they can relieve you of the burden of finding a local agency that you are confident with in the city of the debtor. Whether the debt is domestic or foreign, the international debt collection agency will typically have an extensive network of collectors with knowledge of the collections norms and requirements - most notably legal requirements - that can increase your chances of success.

In cases where there is a language barrier, the international collections agency generally will be able to communicate in the language of the debtor, both actually and figuratively. The collector's knowledge of the common payment and collection practices, laws, cultural values, his or her ability to speak the same language and having a similar background will likely increase understanding and the probability of collection success.

Partial or gradual payment is better than no payment at all. A good international collections agency will know the signs that the buyer wants to pay but is just not able to under the existing payment terms. They will be able to take these cues and negotiate a payment plan at the local level that the buyer is comfortable with and that results in a smaller loss or no loss at all.

In collecting overdue debts, time really is money. The longer you wait to pursue the debt, the lower your chances of recovery. Atradius conducts annual surveys of the payment practices and based on the 2013 feedback the chances of an overdue invoice being uncollectable climbs from about 5% in the first 15 days to more than 50% if still uncollected after 90 days. With improvements in global economies in 2013 and 2014, we anticipate these numbers will fall to about 4% and 3% respectively in the 2014 survey, but the exponential increase

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in the risk of a loss over time is consistent. About 1/3 of the value of invoices uncollected after 90 days past due are never paid. An international debt collection agency can help you mobilise faster, increasing your chance of recovery. Don't worry about losing track of the status of your collection cases. Larger international collections agencies have secure, integrated international IT platforms that enable you to submit, track and ask questions about your collections cases online, anytime.

Bottom line, while one off payment defaults in your local market may be manageable with a local collections company or even kept in house, larger international agencies can save you time, money and increase success rates while at the same time keeping you informed about collection case progress every step of the way. ■

